Last Wednesday, the House and Senate extended the budget deadline for a second time thru August 31st. House and Senate leaders appear optimistic that they will have a new budget by August 31st, however, they have yet to agree on a base number that will allow them to move forward with negotiations.

The Senate took out of the budget its tax distribution plan two weeks ago in order to help accelerate budget negotiations, but last week added the plan to the Governor’s JDIG bill, HB117 NC Competes Act. A summary of the bill can be found here. Several dozen leaders from rural areas arrived in front of the Legislative Building last Wednesday to urge their House Representatives and the Governor’s office to support the bill. Governor McCrory has said he would veto any bill with the Senate’s tax distribution plan included. Now that the plan is in a compromise bill with JDIG, legislators and spectators are waiting to see how it will all shake out.

Last Wednesday, Governor McCrory called on the Senate to pass a historic tax credit plan. House Bill 152 would create a scaled-back version of the Historic Tax Credit, which expired at the beginning of this year. The new credits would pay property owners less than the original program and would cost the state $8 million. The House passed the bill in March but it has since been referred to the Senate’s Ways and Means Committee, which hasn’t met in over ten years. Governor McCrory and Cultural Resources Secretary, Susan Kluttz have been making trips across the state to grow support for the tax credits.

The Senate voted last Wednesday to include a constitutional referendum to limit government spending on income taxes. The proposed constitutional amendment would cap the state’s personal income tax at 5% and would tie state budget spending increases to the rate of population growth and inflation. The amendment would also create an emergency savings fund that could only be spent with a two-thirds majority vote from the legislature. The House, however, said the bill would be referred to Finance Committee where Co-Chairman Jason Saine said their job is to get a budget and get out of Raleigh.

At this point in time, adjournment by Labor Day seems optimistic and it’s possible session continues into mid-September or later.

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